

Central Intelligence Agency

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DIRECTORATE OF INTELLIGENCE

22 March 1985

Japan After Tanaka: The End of an Era? [redacted]

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Summary

The sidelining this month of Kakuei Tanaka, the undisputed kingpin of the ruling Liberal Democratic Party, because of a stroke could affect the tenure of Prime Minister Nakasone and, in the worst case, the cohesiveness of the party that has governed Japan for the past 30 years. At best, the LDP faces uncertainties in the next few months that could divert its attention from all but the most pressing issues and sidetrack efforts to find solutions to problems important to the United States. [redacted]

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If Tanaka is permanently incapacitated or dies, the political shifts inside the LDP are certain to change the roster of Nakasone's supporters and opponents, and perhaps produce new challenges to his leadership. We do not believe Nakasone is in immediate political jeopardy. But, even if his position remains intact, an end to the 10-year-long power struggle between Tanaka and his LDP rivals would precipitate changes in the party that would surround Nakasone with a new cast of senior Japanese political leaders, perhaps before the year is out. If such a leadership realignment goes on the rocks, the LDP could fracture. [redacted]

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Tanaka's Condition and the Near Term

Tanaka's physicians are uncertain about the damage caused by his stroke on 27 February and will be unable to give a solid prognosis until sometime in late March. As the most powerful politician in Japan, the LDP's kingmaker, and Nakasone's shadow shogun, Tanaka remains the focus of intense attention for politicians, the press and Japanese public opinion. Despite his conviction in the Lockheed bribery scandal and the troubles that has caused the party, Tanaka himself is still popular, and his illness has increased public sympathy for him. In 1973 and 1981 he bounced back from periods of hospitalization--admittedly less serious episodes--and at this point, no member of his faction will make a fast grab for control. That would not only risk Tanaka's retaliation, but also invite the charge of political betrayal from the public as well as political insiders.

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Although most everyone regards the former Prime Minister as a fighter, a quick recovery does not seem likely. We expect little to happen in the next few weeks. If Tanaka fails to improve this spring, however, political maneuvering at the top will pick up steam, and LDP decisionmaking at senior levels will be greatly impaired at least until a succession in the Tanaka faction--numbering one-third of the LDP Dietmen--is worked out.

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The Forces at Play

We cannot predict at this point just how contentious the transition to a post-Tanaka era may become, but several fundamental facts of Japanese political life will shape developments if Tanaka cannot recover or reassert his power

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Most important, Tanaka's political demise will break the geriatric logjam in the LDP produced by his decade-long feud with former Prime Minister Fukuda. Fukuda was bested in the 1972 party election by Tanaka, who upset the prearranged succession following the retirement of Prime Minister Sato. A political war between the two and their allies has continued ever since. Tanaka's role in the Lockheed scandal of the 1970s and his subsequent conviction fueled both Fukuda's efforts to disgrace him permanently and Tanaka's drive to retain real power. The effect of that rivalry on the LDP leadership produced the string of often ineffectual, one-term prime ministers in the 1970s and has sometimes immobilized the party's decisionmaking.

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Inside the factions, the bitter Tanaka-Fukuda rivalry has blocked the rise of new party leaders. Unlike previous senior LDP faction chiefs who have taken their turn as prime minister and then stepped aside, neither Tanaka nor Fukuda has been willing to turn his faction over to younger leaders after his term ended. If Tanaka goes and his heir apparent, Finance

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Minister Takeshita, moves into a senior position, we believe this will put pressure on Fukuda to turn over the reins to Foreign Minister Abe. Former Prime Minister Suzuki, who has never been regarded as a strong leader of the old Ohira faction, also almost certainly would feel the same heat to step down. []

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Tanaka himself could decide to set in train the transition to a younger leadership. He is a decisive man, and if he recognizes his physical condition will not allow him to exercise real control over his faction, he may choose to hand it over to Takeshita. Indeed, he could do so in order to force his old rival, Fukuda, out with him. If Tanaka chooses that course, however, he almost certainly would exact a price, perhaps the tacit concurrence from other party leaders giving him the largest voice in setting up a long-term plan for the LDP's leadership succession. []

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Events of the last 10 years offer no guarantees that a transition triggered by Tanaka's departure will proceed smoothly. At its most dramatic, a simultaneous departure from the political scene of all major faction leaders would be unprecedented and therefore difficult for the party to manage efficiently. At a minimum, the transition to new leadership is certain to involve maneuvering for power and support, lasting perhaps until the LDP presidential election in 1986. Moreover, the transfer of any faction intact from an old to a new leader is not a sure thing. Factional ties within the LDP are looser than they were in the 1950s and 1960s. The long-delayed change to younger leadership itself has led many faction members to hedge their loyalty to their chief by supporting aspiring new leaders. []

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Younger LDP Dietmen, who are not deeply entangled in the Tanaka-Fukuda feud, also have contacts--and options they can exercise--across factional lines. They will look for the best deal--in terms of campaign funds, opportunities to influence decisions, and ultimately senior party and Cabinet posts--and may well find it outside their home factions. In short, the breakup and realignment of factions historically have been central to leadership transitions and they are likely to be so again. As a case in point, even though he is a skilled fundraiser, Takeshita will be hard put to hold the mammoth Tanaka faction together over the long haul. []

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However politically messy this transitional process may be, we do not believe in the final analysis it will necessarily produce an ineffectual or radically altered LDP. In our view, the vast majority of LDP leaders, as well as the rank and file, recognize the compelling reasons for working out differences. And, the LDP's bitter internal rivalry has not destroyed the political resilience that has enabled the party to control the government, even at times with--literally--a bare legislative majority. []

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Nonetheless, the fact that the LDP almost split over the choice of a new party leader after Tanaka's last, and most dramatic, abdication of formal power in 1974--when he stepped down from office over real estate scandal allegations--makes it prudent to examine whether that danger could arise again. A failure of the new leadership to put together an internal majority that can agree on the choice of a new party president--and hence prime minister--could prompt one or another ambitious faction leader to seek backing outside the party. That tactic could result in a new coalition government dominated by the LDP or a more damaging division of the party that denied the LDP a controlling hand.

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From one perspective, the prospect of an LDP split is indeed greater today than even a few years ago because it would be easier for a splinter group to lash up with the opposition to create a new party. Various factions already have ties to the moderate opposition parties, which themselves have moved toward the middle-of-the road in their effort to increase the possibility of entering a coalition with the LDP. Some of the centrist parties have even changed policies on such key issues as defense in order to make themselves more attractive to the ruling party. As one harbinger of these stronger potential ties, last fall a senior Tanaka faction leader took the initial steps to make a bid for the party presidency with backing from the centrist Komeito party.

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An aborted leadership transition conceivably could bring the party to the breaking point, but we believe it is more likely the LDP would hold together. Overall, policy differences with the opposition, in our view, still are too strong to make an LDP-opposition party alliance either truly attractive or effective. Most LDP politicians today still bridle at sharing power and are increasingly disenchanted over their current alliance with the New Liberal Club, even though that small party is really an LDP splinter group.

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The Nakasone Factor

Nakasone's options and powers as Prime Minister make it difficult for even Japanese political insiders to predict the effects his political tactics could have on the shape of a post-Tanaka party. None of the potential new leaders can compare to Nakasone as a risk taker, and the Prime Minister's strong public support will make potential challengers reluctant to take him on. Nakasone in fact could be in a better position to demand stronger support now in exchange for his promise of backing for a successor in the 1986 LDP presidential election.

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Nakasone also could try to capitalize on the political situation by calling elections. His popularity with the voters, as well as a possible sympathy vote because of Tanaka's illness, could help the party at the polls. At the same time, the end of the Tanaka era--presumably replete with the suggestion, if not

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the outright claim, of a born-again, post-Lockheed, "clean LDP"--might win other votes. If the LDP did well in a post-Tanaka election Nakasone could claim to be his own man as a result of a victory without Tanaka's active involvement. The Prime Minister could put to rest the allegation that he is Tanaka's puppet--a claim made by his LDP rivals as well as the opposition parties--and strengthen his hand in determining his successor. By regaining a solid majority, an election victory would also eliminate the need for the LDP's alliance with the New Liberal Club.

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We do not expect an election-related personal strategy for Nakasone to be an early choice. This tactic has some real dangers for the Prime Minister and the party, including a poor showing at the polls that could devastate the LDP and perhaps cripple its unfinished transition to new leadership. At this point, press speculation, which often reflects what the politicians are saying to each other, points to the possibility of a fall election. If a transition in leadership is on track at that time, Nakasone could see an election as beneficial.

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The US Angle

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As post-Tanaka maneuvering heats up, senior politicians' attention will focus on their own political futures. Because party politicians are playing an increasingly important role in government policymaking, this would tend to slow the pace of movement on current bilateral problems--centering on the lumber, electronics, telecommunications, and pharmaceutical/medical equipment sectors. If sorting out the political scene in the post-Tanaka era must await 1986, no political leader will risk sacrificing an important support group--like the lumber industry, for example--when the leadership race is undecided.

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On the other hand, a relatively swift transition to a new top LDP lineup would work to Washington's advantage. In addition to its political continuity, a younger, more internationally minded leadership--albeit initially perhaps less politically secure at home--could seek some "foreign policy successes" in Washington to demonstrate its capabilities. At worst, an LDP that split in two or more pieces because of an unsuccessful transition would put Tokyo in uncharted postwar political waters and probably initiate a period of prolonged immobilization on critical US-Japan issues.

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